

FOOD FISH/SHELLFISH TAX
RCW 82.27

Tax Base Enhanced food fish, including shellfish and anadromous game fish (e.g. steelhead). The tax applies to the first commercial possession by an owner of such fish within the state and is measured by the value of the fish when first landed. The term "enhanced" refers to species of fish which are developed by the state through various hatchery and other programs of the Department of Fish and Wildlife. Taxable fish include those which originated in the territorial waters of Washington, salmon from the waters of Washington, Oregon or British Columbia, and Chinook salmon from the waters of southeast Alaska which are caught by trolling.

Tax Rates

Chinook, coho and chum salmon, anadromous game fish & eggs	5.62%
Sea urchins and cucumbers	4.92*
Pink and sockeye salmon and eggs	3.37
Other food fish and eggs and shellfish	2.25
Oysters	0.09

*on January 1, 2006 the tax rate returns to 2.25 percent.

Levied by State

Administration Department of Revenue. The tax is reported by the owner of the fish at the time of the first commercial possession. A unique fish tax return (Form #86 0001) is used. The tax return is filed quarterly and is due by the end of the month following the close of the quarter.

Distribution of Receipts State general fund, except the tax on anadromous game fish which is deposited in the wildlife fund. Also, the increased tax on sea urchins and sea cucumbers (the amount attributable to the portion of the tax rate above 2.25 percent) is deposited respectively in the sea urchin dive fishery account and the sea cucumber dive fishery account for the period from January 1, 2000 until December 31, 2005.

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2001	\$1,437	(3.0)%	0.0%
2000	1,481	17.2	0.0
1999	1,264	(12.3)	0.0
1998	1,442	7.0	0.0
1997	1,348	1.1	0.0
1996	1,333	(40.8)	0.0
1995	2,253	(1.1)	0.0
1994	2,278	24.7	0.0
1993	1,827	(13.1)	0.0
1992	2,103	(24.9)	0.0

Exemptions, Deductions and Credits

- Tuna, mackerel and jack fish;
- Commercially grown fish and shellfish which are under the control of the grower, e.g., fish raised from eggs or fry and shellfish larva that are artificially set;
- Food fish shipped into Washington which is already processed (frozen or packaged for retail sale) when it enters the state;
- Food fish which is raised from eggs or fry by fish farmers;
- Food fish shipped from outside the state if proper documentation indicating the origination of the fish is provided;
- Persons in possession of enhanced food fish who are liable for this tax may deduct from the price paid to the person from whom they purchased the enhanced food fish (except oysters) an amount equal to one-half of the food fish tax. This enables the fish buyer to shift 50 percent of the fish tax liability to the fisherman; and
- A credit is allowed for the amount of any tax paid upon the fish to another jurisdiction, if proper documentation is provided.

History

The present statute was enacted by the 1980 Legislature and the tax was effective on July 1, 1980. This replaced a previous fish tax pursuant to Chapter 75.32 RCW which was administered by the Department of Fisheries.

The initial rates were 5.0 percent, 3.0 percent, 2.0 percent, and 0.07 percent. In 1982 two surtaxes were applied (4 percent on July 1, 1982 and an additional 3 percent on October 1, 1982), and the rates were again increased on January 1, 1994 by 5 percent raising the rates to their current levels. In 1983 anadromous game fish were added to the tax. Legislation in 1985 substantially revised statutory definitions and clarified the origination of fish that are subject to tax. In 1999, the rate on sea urchins and cucumbers was increased temporarily to provide additional funding for programs relating to these fisheries.

Discussion/Major Issues

Approximately 400 fishers and fish dealers currently report fish tax. The tax is similar in nature to a severance tax, levied on the value of extracted natural resources. It is not a general business tax, and persons engaged in commercial fishing and processing are also liable for business and occupation tax under the extracting, manufacturing or wholesaling classifications.

Revenue collections for the fish tax fluctuate widely because of the seasonality of the industry and environmental, biological and economic factors. These include winter and summer runs, low stream flow due to drought and agricultural practices, different cycles of wild versus hatchery fish, ocean and hatchery survival rates and wholesale prices. In recent years, the trend in revenue collections has been downward as the industry contracts.